Merchandising Business System (MBS)	**Report as of Date:**
Washington State Liquor Control Board (WSLCB)	**June 2003**

Project Director: Linda Bremer   **Executive Sponsor:** Pat Kohler
MOSTD Staff: Andy Marcelia

Description: The 2001 Legislature authorized the Washington State Liquor Control Board (WSLCB) to replace its Point of Sale (POS) software with a commercially available product capable of managing and supporting the agency's retail business. These business activities include procurement (timely sales and marketing data), distribution (electronic tracking of shipping and handling), wholesale and special orders, and POS in the 157 state liquor stores. The agent stores are not included in the scope of this project.

The WSLCB selected GERS Retail Systems as the vendor. GERS is a leading supplier of merchandising, point-of-sale, and e-business solutions for retailers. They have installed more than 400 systems for customers in the United States, Canada, and Japan, and cover markets such as general merchandise, specialty soft lines and hard lines, telco, consumer electronics, and home furnishings. Under the WSLCB contract with GERS, GERS will provide project management support for the project.

Technology: The WSLCB has installed the IBM AIX/Oracle platform as proposed by GERS. The project will include replacement of the POS equipment in the state operated liquor stores with industry standard IBM cash registers and related equipment.

Life Cycle Stage: The project is in the development phase. WSLCB signed a $4 million contract with GERS to implement the MBS functionality by June 30, 2003 at the host site and in one state operated liquor store.

Budget: The appropriation for this project is $4,802,720. The GERS contract is for $4 million. To date, the WSLCB has planned expenditures totaling $2,587,787 for host computer equipment, POS and host software, and implementation and contract services. Services include: assisting the WSLCB with requirements, vendor and product selection, external quality assurance services with Sterling Associates, interface analysis, design and development. The contract defines payment amounts for milestone accomplishments. Interface development necessary for existing WSLCB applications and enhancements to the GERS application is an addition to the GERS contract for an additional $464,000. There is a contract amendment for development services performed by GERS for function and features not included in the original contract.

The WSLCB requested and received authorization to carry over $2 million of unspent proviso funds for project expenditures in the next biennium.

Schedule: In early January, GERS informed the WSLCB that several required enhancements and interfaces would be delivered three months later than originally scheduled. It was apparent, due to delays of required enhancements and interfaces, that the schedule revised in January would have to be modified, and in May GERS delivered yet another schedule. A revised project plan was proposed. It includes a delay that adds significant time and milestones (scope) to the project, pushing the start of system implementation to May 2004 with completion in August 2004. GERS has once again modified the schedule with development activities being completed by year-end and implementation in 2004.

The table below provides original and revised schedule dates. GERS provided the following revised completion dates. These dates will be reviewed after milestone 3B is completed.

Milestones	Original Completion Dates	Revisied Completion Date
1. Finalize Project Plan and Implementation Plan	October 2002	Complete
2. Install host equipment and application software	December 2002	Complete
3A. Configure and test application without mods	February 2003	In progress
3B. Configure and test with mods and interfaces	February 26, 2003	August 2003
4. Acquire POS equipment	April 22, 2003	August 2004
5. Complete pilot	June 30, 2003	May 2004
6. Complete staff training	April 11, 2003	June 2004
7. Certify POS stations	June 30, 2003	September 2003
8. Complete documentation	June 30, 2003	February 2004
9. Store 1 implementation complete	June 30, 2003	May 2004

Status: Activities are proceeding on several areas of the project: development of enhancements and interfaces, testing delivered software, identifying test outcomes, identifying needed fixes, approving deliverables, acquiring, installing, and configuring hardware and application software, acquiring point-of-sale equipment, and training. The WSLCB reviewed the requirements to measure GERS progress. GERS has replied that they comply with the requirements or have adequate 'work around' alternative processes. GERS and the WSLCB are not in agreement that the requirements are met. The WSLCB has agreed to proceed with the milestone 3B test, when predecessor tasks are completed, and assess the system to determine what added changes are needed to meet requirements. The current contract with GERS expires June 30, 2003. The WSLCB will agree to a 30 day extension to complete milestone 3B testing and then negotiate a meaningful new extension to complete the project.

GERS has not provided an acceptable, revised project plan since their announcement of the 90-day schedule delay. GERS response has been that they have found it detrimental to manage daily tasks utilizing the project plan. GERS has stated they believe it is more important to have their project manager communicating with the client and GERS resources instead of maintaining a project schedule on a daily basis. GERS schedules have not reflected task dependency relationships, resources allocation, and monitoring tools. The WSLCB has repeatedly requested improvements in project management controls without any change by GERS. There is also concern that GERS does not understand the extent of the required enhancements (bailment, tax distribution, and price calculation) and interfaces. GERS lacks a current project management plan and a dependable schedule leading to a lack of common understanding of critical tasks, fulfillment of the requirements, and project status. As a result the WSLCB has taken on more project management responsibility and will produce a current project schedule with the objective of providing the basis for project management decisions related to scheduling and resource allocation.

Sterling Associates is providing QA services and is actively involved providing their expertise to the project.

Recommendations: ISB oversight staff have provided the following recommendations to the WSLCB.

- The WSLCB needs to improve its communications related to this project. The WSLCB recognizes the extreme political sensitivity surrounding their IT projects. They need to involve their communications office to improve project communications.
  Action: The WSLCB has assigned the agency Communications Director the responsibility for project communications planning and coordination. There is a need for simple, clear message related to the project activities and current status for stakeholders and staff consumption.
- The WSLCB needs to prevail upon GERS to meet the project management standards outlined in the contract to provide improved project management activities that identify adjustments in the project plan to meet the objectives of this project. GERS has not maintained a current, detailed project plan on a regular basis to identify delays, slippages, and where resources are needed. Taking remedial action without losing time will be critical to maintaining a new schedule.
  Action: The WSLCB has attempted to get GERS to meets its management commitments without success and needs to determine how it will manage the project going forward after milestone 3B. WSLCB has taken on management of the project schedule through completion of milestone 3B. This involves creating a new schedule with tasks, task dependency relationships, resource assignments, and performance tracking, etc.
- The WSLCB/GERS staff needs to perform a detailed review and compare RFP requirements (bailment, tax distribution, and price calculation) to GERS modifications to insure that GERS modifications will meet the WSLCB requirements.
  Action: Since the last report the WSLCB did a detailed requirements review and GERS provided a response saying they have met the requirements or provided adequate alternatives which revealed the lack of agreement on how the requirements should be met. The WSLCB provided a prioritized issues list to aid the allocation of resources to the most critical needs.
- Due to the current project risks of project management issues, RFP compliance issues, and schedule slippages, the MBS project risk and severity level assessment will be changed to level 3. ISB staff will continue to provide oversight.